

This letter concerns maintenance service agreements. See 86 Ill. Adm. Code 140.301(b)(3).
(This is a GIL.)

September 17, 2004

Dear Xxxxx:

This letter is in response to your letter dated July 19, 2004, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at www.ILTAX.com to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

ABC recently contacted your office via your state's website regarding a sales tax issue. The inquiry was 'Are computer software maintenance agreements taxable?' They have informed us that in order to get a binding ruling we must write and request it.

We are asking for a determination on this issue. I have enclosed a description of our software maintenance agreement for your reference.

We thank you in advance for your prompt response, as we wish to be sure that we are complying with your tax regulations.

DEPARTMENT'S RESPONSE:

Because of the limited information contained in your request, we are unable to issue a private letter ruling. However, general information regarding computer software may be found at 86 Ill. Adm. Code 130.1935. For information regarding maintenance service agreements in general, please see 86 Ill. Adm. Code 140.301(b)(3).

For information regarding the taxation of software maintenance agreements, please see general information letter ST 02-0172-GIL, which may be found among the Department's sales tax "Sunshine Letters" on the Department's internet website.

I hope this information is helpful. If you require additional information, please visit our website at www.ILTAX.com or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Edwin E. Boggess
Associate Counsel

EEB:msk